

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF LITEL)	
TELECOMMUNICATIONS CORPORATION AND)	
CHARTER NETWORK COMPANY FOR AUTHORITY)	
TO ENTER INTO THE \$30 MILLION REVOLVING)	CASE NO. 92-295
CREDIT FACILITY, AND TO EXECUTE CROSS-)	
GUARANTIES, AND FOR AUTHORITY TO)	
EXECUTE RELATED DOCUMENTATION)	

O R D E R

On July 15, 1992, LiTel Communications Corporation ("LiTel") and Charter Network Company ("Charter"), pursuant to KRS 278.300 and 807 KAR 5:001, Sections 8 and 11, filed an application for approval of their entry into a \$30 million Revolving Credit Facility. The borrowing facility is to be provided through Transamerica Business Credit Corporation. Under the agreement, LiTel and Charter, as well as a non-utility, non-jurisdictional sister company, Afford-A-Call Corp., will be eligible to borrow, on a revolving basis, up to \$30 million. The amount of credit is further limited to 85 percent of the "eligible accounts receivable," and up to 65 percent of the "eligible unbilled accounts receivable," as defined by the lending agreement.

The term of the facility is approximately two years. Under the terms of the lending agreement LiTel, Charter, Afford-A-Call and LiTel Communications, Inc. ("LCI"), parent company of the petitioners, will be required to satisfy certain financial reporting and other requirements as outlined and agreed to in the lending agreement. The borrowings under this facility will be used

to replace an existing revolving credit agreement previously approved by the Commission and which is scheduled to expire on December 31, 1992. The agreement due to expire on December 31, 1992 was used to upgrade and expand service and facilities.

Both LiTel and Charter are certified by the Commission to provide intrastate, interLATA telecommunications service to the public. Both LiTel and Charter provide service in a segment of the telecommunications industry which is highly competitive based on the number of companies in the segment. As a result, the exit from the market of companies like LiTel and Charter due to unprofitable financial transactions would not have a detrimental effect on their customers, since the customers could readily obtain service from several alternate suppliers. Any financial harm resulting from unwise financial arrangements would only impact the shareholders of LCI.

The financing proposed by this application is for lawful objects within the corporate purpose of LiTel and Charter, is necessary, appropriate, and consistent with the proper performance by LiTel and Charter of their service to the public, will not impair their ability to perform that service, and is reasonable, necessary and appropriate for such purpose.

The Commission HEREBY ORDERS that the application of LiTel and Charter to enter into the financing arrangement as described in their petition and evidenced by supporting documents shall be approved. LiTel and Charter shall be authorized to execute all related documentation, including the Revolving Credit Loan Agreement, the revolving Credit Notes, including the Cross-Default

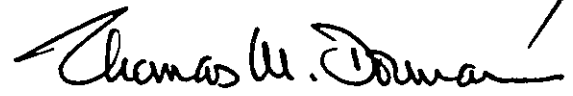
and Cross-Acceleration Provisions, the Security Agreements and the Guaranty Agreement, necessary to complete the transaction.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 31st day of August, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director